

Title: Report of the Secretary General on Progress in Implementation on Combating Deforestation and Forest Degradation (E/CN.18/2002/3)

UNFF Second session, San Jose, Costa Rica 4-15 March 2002

Focal Agency: UNEP, with the inputs from other CPF members and the UNFF Secretariat.

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Executive Summary

This report summarises progress in implementation on the IPF/IFF Proposals for Action relating to Combating Deforestation and Forest Degradation. Reference was made to national reports to the CSD and reports of intersessional workshops, among other sources. These sources indicate that significant progress has been made in implementing the IPF/IFF proposals for action. There has been substantial progress in the development of national policies relating to forests, often including participation by an increased range of stakeholders. Such developments have often, but not exclusively, been undertaken under the auspices of a national forest programme. Substantial progress has also been made in the development of criteria and indicators for sustainable forest management. Despite such positive trends, total forest area continues to decline in most regions of the world. Although substantial areas of plantation forests have been established, there is little evidence that deforestation and degradation of natural forests has declined as a result. Although progress has been made in the analysis of underlying causes of deforestation, the findings of such analyses do not appear to have contributed significantly to the policy developments that have taken place. There is therefore an urgent need to incorporate the findings of research into national policies, if deforestation is to be combated successfully. In addition, many countries have been unable to implement the strategies that they have developed. The strongest reasons for this, advanced in almost all country reports, are shortages of qualified and trained personnel, and of finance. In addition to the needs of countries to support implementation, this report identified three key emerging issues, namely forest law enforcement, forest fires and perverse subsidies. It is proposed that future action of the UNFF focus on developing specific actions to address these causes of deforestation and forest degradation.

1. Introduction

The IPF/IFF process recognised that deforestation and forest degradation constitute a serious problem in many countries. The causes are complex. Many of the factors causing deforestation and forest degradation interact and some are synergistic. Many lie outside the forest sector, while others are linked to the forest sector itself. Most are socio-economic in nature. Experience accumulated in the last decades has shown the need to address the underlying causes, rather than symptoms, of deforestation and forest degradation; and has uncovered the major weakness of many current policies and strategies adopted to support and develop the multiple ecological, socio-economic and cultural roles of forests. Deforestation and forest degradation have national, transboundary, regional and global environmental consequences. In many cases, lack of understanding of the underlying causes has led to inappropriate strategies to address the issue.

At its first meeting, the UNFF defined its multi-year programme of work (MYPOW) to embody ECOSOC resolution 2000/35, with concrete activities defined for the next five years, with a particular focus on implementation of the IPF/IFF proposals (see Decision 1/2 of UNFF 1; E/2002/42 (Part II) –

E/CN.18/2001/3 (Part II)). The purpose of this document is to support the MYPOW activities through to the 'Review of progress and consideration on future actions' that is scheduled for UNFF5. This report describes progress made towards implementing the IPF/IFF proposals for action relating to the theme of 'Combating Deforestation and Forest Degradation'. The short time interval between UNFF 1 and 2, and the lack of a monitoring and reporting system within UNFF have been major constraints in preparing this report.

2. Background

For the purposes of this report, the proposals relevant to the theme of *Combating Deforestation and Forest Degradation* have been summarized by grouping related actions. The development of these 'summarized proposals for action' was based on the Practitioner's Guide to the IPF Proposals produced by the "Six Country Initiative"¹, and the Australian Summary of the IPF Proposals for Action². A number of proposals specifically relating to indigenous peoples and traditional forest related knowledge will be under discussion at UNFF 4 and have therefore been omitted from this summary. The summarized proposals do not replace the detailed negotiated text.

1. Implementation of forest-related decisions at the national level

	Proposal For Action	Reference	
		IPF ¹	IFF ²
I	Study and analyse the historical and underlying causes of deforestation and forest degradation, including the impacts of transboundary pollution, poverty, fuelwood collection and processes outside the forest sector, to provide factual information for improved public understanding and forest decision making. Develop and test the usefulness of the diagnostic framework [E/CN.17/1997/12 25] as an analytical tool in assessing options for forest utilization, then apply it more widely.	27a, 27b, 27c, 30a, 31a, 31b 31a,	64a b
II	Provide information on underlying causes of deforestation and forest degradation and the multiple roles of forests, at national, regional and international scales, and create awareness in the society at large on the importance of issues related to deforestation and forest degradation	28c, 30a, 31c	64e
III	Enhance the role of forest plantations as an important element of sustainable forest management and as a mechanism for reducing deforestation and forest degradation of natural forests	28b	64g
IV	Assess the long-term trends in the supply and demand for wood, promote sustainability of supply and strengthen institutions involved in forest and plantation management	28a	
V	Develop and implement integrated national policies, strategies, economic instruments and mechanisms for supporting sustainable forest management and addressing deforestation and forest degradation in a participatory manner	29a 29b	115c,g
VI	Improve co-operation, co-ordination and partnerships in support of sustainable forest management within a national forest programme, by involving relevant stakeholders including indigenous people, forest owners, women and local communities in forest decision making, and utilising appropriate expertise in international organizations	17b, 17f, 17h, 17i, 40e, g, n 77c, f	19b 64b 66 140a
VII	Monitor, evaluate and report on implementation progress of a	17a, 17d,	17d

¹ Numbers refer to paragraph in IPF final report: E/CN.17/1997/12.

² Numbers refer to paragraphs in IFF Final report: E/CN.17/2000/14.

	national forest programme, including the use of criteria and indicators to assess trends in the state of forests and progress towards sustainable forest management	71b	19a
VIII	Involve all interested parties in the extension, planning, implementation, monitoring and evaluation of forest research with a focus on on-site research to support the implementation of national forest programmes	17e, 94d	96d
IX	Introduce positive incentives to help combat deforestation and forest degradation.		64h
X	Formulate policies aiming at securing land tenure for local communities and indigenous people, including policies aimed at the fair and equitable sharing of the benefits of forests; and develop mechanisms to improve land access and use of forest resources on a sustainable basis	29c	64c,d

2. International cooperation in financial assistance and technology transfer

	Proposal For Action	Reference	
		IPF	IFF
XI	Continue the implementation of various measures aimed at effective, equitable, development-oriented and durable solutions to the external debt and debt-servicing problems of developing countries, particularly the poorest and heavily indebted countries, including exploring the opportunities for innovative mechanisms, such as debt-for-nature swaps related to forests and other environmentally oriented debt reduction programmes	67g	
XII	Support and promote local community involvement in sustainable forest management through technical guidance, capacity-building and information dissemination, provision of economic incentives and legal frameworks; and by facilitating access to domestic and external markets of forest products and services.	77f 70c	64f,i

3. International organizations and multilateral institutions and instruments

	Proposal For Action	Reference	
		IPF	IFF
XIII	Analyse the impacts of foreign debt on deforestation and forest degradation, and explore innovative financial approaches and schemes for helping countries to promote sustainable forest management.		64j
XIV	Study the relation of land tenure issues to deforestation and forest degradation		67

3. Implementation of the proposals for action of the IPF/IFF and the Plan of Action of the UNFF

3.1. Progress in implementation

Many activities are being undertaken by countries, multilateral organizations and stakeholders either in direct response to the IPF/IFF proposals, or in support of them. This report attempts to provide an overview of such activities, corresponding to the specific proposals for action. At present, there is

no formal monitoring and reporting system within UNFF. As a consequence, the findings of this report should be considered as tentative and incomplete. In order to assess action towards implementation, the following sources were consulted:

- national reports to the CSD
- reports of relevant intersessional workshops and associated documentation (e.g. the “Six Country Initiative”, the “Eight-Country Initiative”).
- responses to an informal questionnaire circulated to > 100 national contact points; 9 responses were received and analysed
- CPF members, and a number of both multilateral and non-governmental organizations, were also invited to report on relevant activities undertaken
- surveys of implementation of the IPF/IFF proposals, for example “Keeping the Promise”, a review undertaken by NGOs and IPOs in select countries³
- the Forest Resources Assessment (FRA) 2000⁴ and the State of the Worlds Forests 2001⁵, produced by FAO

The national reports to the CSD were to report specifically on the implementation of all chapters of Agenda 21, in response to the General Assembly (resolution 50/113 of 20 December 1995). The information in these reports relating to forests varies substantially in detail. In addition, many of the reports have not been updated in several years, and therefore are of limited value for assessing national implementation of the IPF/IFF proposals. Profiles were consulted for 86 countries (Low Forest Cover Countries (LFCC) are considered separately in another report, E/CN.18/2002/6). Only 37% of these referred explicitly to the IPF/IFF proposals. However, 51% of countries reported that forest policies had recently been revised, often in light of the IPF/IFF proposals.

Particular reference was made to the report of the NGO/Costa Rica Global Workshop on Underlying Causes of Deforestation held in San Jose, Costa Rica, in January 1999, which explicitly aimed to support the implementation of IPF Proposals for Action relating to underlying causes of deforestation and forest degradation⁶. The global workshop was preceded by seven regional and one Indigenous Peoples Organisations (IPO) Workshops, held between July 1998 and January 1999 in Russia, Fiji, Canada, Chile, Ghana, Germany, Indonesia and Ecuador. These workshops were organised by the Joint Initiative on Addressing the Underlying Causes of Deforestation and Forest Degradation (‘Underlying Causes Initiative’). Actions undertaken towards implementation of the proposals are summarized on Table 1.

(a) Country experiences and lessons learned

The Joint Initiative on Addressing the Underlying Causes of Deforestation and Forest Degradation (‘Underlying Causes Initiative’) highlighted the value of exchanging information concerning country experiences, by profiling case studies through a series of workshops. The workshops were highly participatory, involving a wide range of stakeholders, and were of undoubted value in exchanging information, and identifying underlying causes common to different countries. However, the fact that results of the different case studies were not presented in relation to a consistent framework, hindered comparison. Although reference was made to the Diagnostic Framework explicitly mentioned in the relevant IPF Proposal for Action, the case studies provided little evidence of application of the framework, and provided an inadequate basis for evaluating the usefulness of this approach. As a result, it is difficult to generalise from the information provided; it is not clear how representative were the case studies presented.

These experiences, together with methodological refinement and other research initiatives such as those undertaken by CIFOR, highlight the difficulty of analysing underlying causes of deforestation: the issue is complex and not readily amenable to analysis. Further development of diagnostic tools to assess such processes may therefore be necessary. In particular, there is a need to build capacity within countries to enable such analyses to be undertaken at the national level.

Table 1. Summary of progress in implementation of IPF/IFF proposals for action.

Summarized Proposal for Action	Action towards implementation
<p>I. Study and analyse the historical and underlying causes of deforestation and forest degradation</p>	<ul style="list-style-type: none"> • No actions are referred to in national reports to the CSD. • In the questionnaire survey, approximately 50% of countries had undertaken some form of analysis • The 'Underlying Causes Initiative' analysed the underlying causes of deforestation and forest degradation based on analysis of 40 new and existing case studies from more than 30 countries, profiled in a global workshop and a series of regional workshops. The case studies were based on the IPF's Diagnostic Framework. • Research by CIFOR on this theme has focused on Bolivia, Cameroon, Indonesia, Southern and Eastern Africa and in Central America. • The resolutions adopted at the Ministerial Conference on the Protection of Forests in Europe (MCPFE) initiated a broad technical and scientific co-operation focusing on underlying causes of forest degradation and deforestation at national and regional levels involving permanent monitoring and networks of permanent pilot sites
<p>II. Provide information on underlying causes of deforestation</p>	<ul style="list-style-type: none"> • Information on causes of deforestation is provided in around 10% of reports to the CSD, however very little reference is made to <i>underlying</i> causes of deforestation and forest degradation • The Underlying Causes Initiative provided relevant information on 40 case studies from over 30 countries. • The G8 has begun work on a collaborative initiative to consider the enhanced use of remote sensing as a tool to inventory, assess, monitor and manage forests • CIFOR have published a number of books and reports on this theme • The Forest Resources Assessment (FRA 2000) produced by FAO provides information on underlying causes from country reports • Non governmental organizations (such as WRI, WWF, ODI, Greenpeace), and inter-governmental organizations such as FAO and UNEP, have played a major role in raising awareness in society at large on the importance of issues related to deforestation and forest degradation • Information is provided through multiple reporting, publishing and public awareness activities by MCPFE, including results of the monitoring activities carried out are published annually by UN/ECE and the European Commission; a decentralised database containing Forest Fire Statistics (S3) and on research into forest ecosystems (containing 1,198 institutions, scientists and projects) has been established on the internet.
<p>III Enhance the role of forest plantations in SFM</p>	<ul style="list-style-type: none"> • Actions are referred to in 25% of national reports to the CSD, mostly in the context of increasing area of plantation forests. However, the extent to which such plantations are successful in reducing deforestation and forest degradation receives very little attention. • The FAO FRA 2000 indicated that the average rate of successful plantation establishment from 1990 to 2000 was 3.1 million

Summarized Proposal for Action	Action towards implementation
	<p>hectares per year. Half of the new plantation area was on land converted from natural forest (i.e. representing reforestation on cleared natural forest land).</p> <ul style="list-style-type: none"> • In addressing this proposal for action, the Underlying Causes Initiative highlighted the negative role that plantations can play in deforestation and forest degradation, such as the substitution of native forests and increased pressure on land resources.
IV Assess the long-term trends in the supply and demand for wood	<ul style="list-style-type: none"> • No actions are referred to in national reports to the CSD • Every two years, the FAO compiles the State of the World's Forests report, supported by regional outlook studies, which include statistics on production, imports, exports and consumption per product type and country (and also region). In the 2001 report, an assessment of trends throughout the 1990's was made based on various FAO, ITTO and ITC assessments.
V Develop national policies and mechanisms for supporting SFM	<ul style="list-style-type: none"> • Relevant actions are referred to in 45% of national reports to the CSD • Evidence from ITTO and the Underlying Causes Initiative indicates that most countries have significantly developed national policies relating to forests in recent years, although not always involving participation with a broad range of stakeholders.
VI Improve co-operation, co-ordination and partnerships in support of SFM within a national forest programme	<ul style="list-style-type: none"> • Relevant actions are referred to in 38% of national reports to the CSD, although national forest programmes are not always referred to explicitly. However information on the degree of stakeholder participation is often very limited. • Although most countries have nfps in various stages of development, surveys by FAO indicate that such programmes are being implemented in only 44% of countries; many have stalled owing to a lack of human, institutional and financial resources, as well as the absence of adequate policies, coordination and public participation mechanisms • A Team of Specialists on Participation and Partnership in Forestry has been established by the Joint FAO/ECE/ILO Committee on Forest Technology, Management and Training, in order to clarify the concept of participation and to develop a conceptual framework.
VII Monitor, evaluate and report on implementation progress of a national forest programme, including use of C&I	<ul style="list-style-type: none"> • Relevant actions are referred to in 35% of national reports to the CSD, although national forest programmes are not always referred to explicitly. • At least 140 countries are participating in at least one of the nine major processes on criteria and indicators, which include ITTO, Dry Zone Africa, Pan-European, Montreal, Tarapoto, and Lepaterique initiatives • The G8 members developed an Action Programme on Forests, involving establishment of a public-private stakeholder process on implementation of criteria and indicators • MCPFE identified appropriate participatory mechanisms involving all interested parties as an essential element of nfps in the pan-European context, and succeeded in developing a common understanding of nfps in the pan-European context
VIII Involve all interested parties in forest research	<ul style="list-style-type: none"> • Relevant actions are referred to in 10% of national reports to the CSD, although little information is provided regarding the proportion of interested parties that have been involved in research. • IUFRO established a Task Force to strengthen the interface between forest science and policy. Work is currently in progress; the approach being taken is to identify 40-50 case studies from around the world that describe how research results have successfully influenced forest policies.

Summarized Proposal for Action	Action towards implementation
<p>IX Introduce positive incentives to help combat deforestation and forest degradation.</p>	<ul style="list-style-type: none"> • Few relevant actions are referred to in national reports to the CSD; most incentives mentioned refer to plantation establishment. However the role of certification in providing such incentives receives widespread recognition • Results from the questionnaire survey indicated that <20% countries have introduced incentives • A review undertaken by FAO provided information on National Forest Funds in 41 countries. This indicated that a large number of countries have established such funds to provide some degree of assured continuity in funding for their forest sectors. • Some countries, including Japan, Costa Rica, Colombia, and the US transfer part of the revenues generated from water supply and hydropower generation to finance forest management programmes in the watersheds. Costa Rica has extended the concept to raising revenues from energy taxes and compensating private landowners for conserving and managing forests on their lands. • Considerable progress has been made in building consensus on financing SFM through an international process on "financing strategies in SFM" (workshops in Pretoria 1996, Croydon 1999, Oslo 2001).
<p>X Formulate policies aiming at securing land tenure for local communities and indigenous people</p>	<ul style="list-style-type: none"> • Very few relevant actions are referred to in national reports to the CSD • Results from the questionnaire survey indicated that approximately 50% of countries had developed mechanisms to improve land access and use of forest resources on a sustainable basis. • In recent years many improvements have been achieved regarding security of tenure. The aspect has been the focus of many international initiatives such as the Bogor Declaration on Cadastral Reform and The Potsdam Statement on Rural Development • In addition, many bi- and multilateral institutions for development cooperation have launched campaigns on secure tenure and introduced new programs on land policy, management and cadastre • MCPFE has developed a common pan-European tool (PEOLG) which aims to further promote SFM in Europe by translating the international commitments down to the level of forest management planning and practices.

2. International cooperation in financial assistance and technology transfer

Proposal for Action	Action towards implementation
<p>XI Implementation of measures aimed at the external debt problem</p>	<ul style="list-style-type: none"> • Approximately \$US 159 million debt has been retired in debt-for-nature swaps focusing on forests • In 1998 the USA enacted the Tropical Forest Conservation Act which allows developing countries to restructure their debts to the US in exchange for actions in support of tropical forest conservation • Results of the questionnaire survey indicated that a minority of countries (< 30%) had conducted an analysis of the impacts of foreign debt and had explored innovative financial approaches.
<p>XII Support and promote local community involvement in SFM</p>	<ul style="list-style-type: none"> • The 'Underlying Causes Initiative' highlighted many specific actions, including establishing community directed research programmes and micro-enterprises, increasing capacity building for marketing of independent third-party certified forest products and developing policies and an enabling environment to ensure effective community forest management. • Individual G8 members have expanded their activities to promote community involvement in SFM. • FAO's Community Forestry Unit (CFU) has played a major role in supporting community involvement through

Proposal for Action	Action towards implementation
	<p>technical guidance, capacity-building and information dissemination</p> <ul style="list-style-type: none"> IUCN has formed a Working Group on Community Involvement in Forest Management (WG-CIFM) to draw and apply lessons from field experience, and to persuade governments and donor agencies to become more responsive to community conservation efforts. In some countries community involvement is now a well-established and integral part of the framework for forest management, however many countries are still at an early stage in introducing forms of community forestry appropriate to their situations

3. International organizations and multilateral institutions and instruments

Proposal for Action	Action towards implementation
XIII Analyse the impacts of foreign debt on deforestation and forest degradation	<ul style="list-style-type: none"> UNDP's PROFOR and CIFOR have organised a series of workshops (in Pretoria, Croydon, Oslo) that examined in depth the issue of financing SFM; a wide range of international organizations contributed to these meetings, which explicitly explored innovative financial approaches and schemes for helping countries to promote sustainable forest management. A wide variety of organizations, including CMI, IDS, UNRISD and WI, have also engaged in analysing the impacts of foreign debt on deforestation.
XIV Study the relation of land tenure issues to deforestation and forest degradation	<ul style="list-style-type: none"> A number of international organisations have been active in this area, including CIFOR, ICRAF, the World Bank, FAO, UNEP and UNDP (eg PROFOR); results have been disseminated in reports and publications.

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Table 2: Change in forest cover 1990-2000 (FRA, 2000)

Country/Area	Total forest	Total forest	Forest cover change 1990-2000	
	1990	2000	Annual change	Annual change rate
	000 ha	000 ha	000 ha	%
Africa	702,502	649,866	-5,262	-0.78
Asia	551,448	547,793	-364	-0.07
Oceania	201,271	197,623	-365	-0.18
Europe	1,030,475	1,039,251	881	0.08
North and Central America	555,002	549,304	-570	-0.10
South America	922,731	885,618	-3,711	-0.41
World	3,963,429	3,869,455	-9,391	-0.22

The importance of recognising the direct and indirect causes of forest loss is widely appreciated by countries, together with an understanding that these causes are in most cases political in nature. Successful implementation of the proposals for action at the country level therefore relies greatly on the political will of governments and civil society. Significant progress has undoubtedly been made towards implementation of some of the proposals for action. For example, most countries have significantly developed national policies relating to forests in recent years, often through increased dialogue with different stakeholders. Substantial efforts have also been directed at developing criteria and indicators for SFM, reflected in the initiation of nine major processes, collectively involving more than 140 countries. However, analyses indicate that deforestation is continuing in most regions of the world (Table 2), suggesting that forest policies still do not adequately address the underlying causes of deforestation and forest degradation. This may partly be attributed to inadequate cross-sectoral policy harmonization, a lack of integration between research on underlying causes and policy development, an issue of relevance to the recently developed IUFRO Task Force.

One of the key proposals for addressing deforestation and forest degradation relates to enhancing the role of plantations in SFM. Substantial increases in the area of plantation forests have been recorded in many countries. However, approximately half of these have been established by conversion from natural forest (Table 3), illustrating that establishment of plantations can in some cases be considered as a cause of deforestation, rather than a mechanism for reducing it.

Table 3: Annual change in area of plantation forests, 1990-2000 (million ha per year) (FAO 2000)

Domain	Gain		Net Change
	Conversion from natural forest	Afforestation	
Tropical Areas	+1.0	+0.9	+1.9
Non-tropical areas	+0.5	+0.7	+1.2
World	+1.5	+1.6	+3.1

Overall, the most significant constraints to implementation of the IPF/IFF proposals for action reported by countries are:

- a lack of institutional capacity and technical expertise;
- a lack of available finance, partially attributed to a decline in ODA, international debt and economic crises;
- low political commitment to the forest sector.

Other constraints to implementation identified by countries included inadequate:

- public and stakeholder participation, partly reflecting a lack of public awareness;
- information, reflecting limited capacity in research and information management;
- institutional coordination, particularly with respect to the need to consider forest issues in an inter-sectoral environment;
- management of the transition from state ownership of forests to increased private ownership, and the transfer of responsibilities through decentralization and privatization;
- infrastructure;
- compatibility between IPF/IFF proposals for action and priority areas for governments, such as poverty eradication;
- involvement of some stakeholders, including women, indigenous people and forest dwellers;
- coordination between donor activities;
- incentives for rural populations to conserve and manage their local forest resources, or the existence of substantial disincentives;
- support by Governments to provide the local organizations to which they devolve responsibility, with sufficient real authority and support to enable them to exercise their rights and manage their forests effectively.

(b) Emerging issues relevant to country implementation

The Joint Initiative on Addressing the Underlying Causes of Deforestation and Forest Degradation highlighted underlying causes of particular importance, including the lack of access to land and resources, unequal terms in the current international trade regime, under valuation of most forest services, illegal logging and inappropriate government policies, such as road building and subsidies. Global trends affecting implementation of the proposals include a decrease in traditional sectoral approaches; increasing reliance on market-based instruments; greater roles for NGOs and the private sector; a focus on decentralization and participation; and macro-economic reforms and globalization.

Research by CIFOR on underlying causes has suggests that:

- capital-intensive technologies suited for agricultural frontier conditions, and production for export, are likely to increase conversion of forest land;
- commercial factors and macroeconomic changes can have a far greater impact than shifting agriculture practices on deforestation and forest degradation ;
- the decentralisation that is occurring in many tropical countries can bring benefits to many poor rural people in heavily forested areas, including greater access to forest resources, but weak local technical capacity, limited national support and organisational problems among small-scale loggers undermine prospects for sustainable forest management.

A key issue that has emerged recently is **forest law enforcement**, from the recognition that illegal harvesting of forest products, illegal trade, wildlife poaching and corruption are major threats to forests worldwide. In May 1998, the G8 launched an Action Programme on Forests, which allots high priority to solving the problem of illegal logging. The Forest Law Enforcement and Governance (FLEG) Ministerial Conference, that took place in Bali, Indonesia during September 2001, was aimed at sharing information and experience on forest law enforcement. The meeting resulted in a Ministerial Declaration that commits participating countries to intensify national efforts and strengthen bilateral, regional and multinational collaboration to address violations of forest law and forest crime, and create a regional task force on forest law enforcement and governance to advance the Declaration's objectives. The Ministerial declaration also called for UNFF to give greater consideration to the issue of forest crime.

A second emerging issue highlighted by a large number of countries is **forest fire**, particularly in the wake of the catastrophic fires of 1998, and their threat to the global environment and regional stability. There is a clear need to analyse the underlying causes of fire, building on research activities of organizations such as CIFOR. The results of such research need to be transferred into policy, and

the capacity of countries to predict and manage to fire needs to be strengthened. Initiatives such as Project FireFight, a global programme that addresses the underlying causes of forest fires, may provide a suitable model for further action. The project is a collaborative effort between IUCN / WWF, CIFOR, GFMC, FAO and UNEP, and identifies stakeholders, their fire use and practices, and ways that they can work to improve fire management policies. Information services such as The Global Fire Monitoring Center (GFMC) can also play an important role in identifying and responding to fire risks.

A third emerging issue relates to the so-called '**perverse subsidies**', which are widely recognised as a major underlying cause of deforestation. Some countries are undermining forest protection through the provision of subsidies that accelerate forest loss or degradation, including support for road construction and other infrastructure that benefits logging companies, and provision of grants and loans to companies engaged in logging.

(c) Promoting public participation

Overall, progress in promoting public participation in actions directly in support of IPF/IFF proposals for action appears to be limited. A number of national and international NGOs and indigenous peoples' organisations have played a major role in raising awareness of deforestation issues among the general public, for example through the development of campaigns. Deforestation has also become the focus of increased attention in both national and international media. There has been an undoubted international trend towards increased stakeholder involvement in development of national forest policies, and in many countries this has involved public consultation processes, including public meetings and provision of discussion fora. Some countries report specific actions encouraging involvement of the public at large directly in reforestation activities, for example by formation of voluntary brigades and youth groups, and through tree planting campaigns.

There is widespread recognition in many countries that stakeholder participation in SFM must be strengthened, in accordance of guidelines for the development of nfps agreed by IPF. Global trends towards decentralization could provide opportunities to achieve this, particularly if bridges between national and sub-national levels in policy development and implementation can be strengthened. Some countries also report significant progress in strengthening public involvement in action designed to reduce pressure on forests, such as recycling schemes for wood products and promotion of certified wood products, based on raising public awareness through information campaigns, such as the incorporation of forest issues in secondary school curricula. However, some countries report serious public apathy towards environmental conservation ethics and practices, and note that for the general public in many tropical countries, deforestation issues are given low priority, compared to the daily struggle for livelihood.

(d) Enabling environment

In many countries there have been significant improvements regarding the legal framework for SFM and forest-related policies. At the national level, a key problem is the low commitment and priority accorded to the forest sector, often caused by failure to demonstrate the contribution of the sector to socio-economic development. Accordingly, opportunities for funding are often missed by not linking forests to priority concerns such as poverty reduction and sustainable development. A continuing decline in commodity prices at the international level is preventing the forest sector from yielding adequate surpluses for investment in SFM. Forest-products markets tend to favour low-priced products, often coming from non-sustainable harvesting. Promoting remunerative trade and fair prices therefore has a potentially important role in making SFM possible.

Other important factors in constraining investment are insecure tenure, policy and market failures, high levels of actual and perceived risk owing to factors outside sectoral control, lack of suitable credit options and weak and unstable regulatory environments that encourage rather than discourage unsustainable or illegal logging practices. Factors that would raise operational costs or reduce returns (such as over-

regulation, undeveloped markets etc.) act as disincentives to private investors in sustainable forest management. Making SFM more profitable and less risky through policy interventions would increase the self-financing prospects of the sector and permit mobilisation of new private investment. However in many countries there is a need for external public funding (ODA) to support capacity building, development of appropriate legal frameworks, and creating the socio-economic conditions conducive to investment in SFM. Many developing countries face a general lack of funds, too few professional people and problems of communication. As a result, practical implementation of nfps and criteria and indicators for SFM needs strengthening. In contrast, the 'Underlying Causes Initiative' noted that in some countries undergoing rapid economic development, economic growth is being achieved at the expense of environmental conservation and social justice.

(e) International and regional cooperation

The need for international and regional cooperation in both identifying and addressing the underlying causes of deforestation is recognised by many countries. Substantial efforts have been made to develop such cooperation. Examples of initiatives relevant to the theme of this report include:

- The Joint Initiative on Addressing the Underlying Causes of Deforestation and Forest Degradation, which was established in 1997, involved a participatory process from local to international levels, undertaken in seven regions and at the global level. The Initiative also established new partnerships amongst countries, NGO's and UN agencies.
- In 1998 a "Six-Country Initiative in Support of the IFF" was carried out by Finland, Germany, Honduras, Indonesia, Uganda and the UK to test the implementation of the IPF proposals for action at the national (or in one case federal state) level. Based on this experience a "Practitioners Guide for the Implementation of the IPF Proposals of Action" was developed.
- In September 2000, the government-led "Eight-Country Initiative", was launched by Australia, Brazil, Canada, France, Germany, Iran, Malaysia and Nigeria, aiming to assist the international community in developing the MYPOW of the UNFF.
- The ITTO Objective 2000 embodies ITTO members' commitment to moving as rapidly as possible towards achieving exports of tropical timber and timber products from sustainably managed sources through international cooperation and national policies and programmes and involving the Bali Partnership Fund (BPF) as an additional financial mechanism.
- The G8 Action Programme on Forests, which represents the first consolidated experience for the G8 members in working together on the world's forests, and includes strengthening or initiating bilateral activities with partner countries to support national forest programmes.
- The Ministerial Conference on the Protection of Forests in Europe (MCPFE) provides a forum for developing regional cooperation relating to implementation of IPF/IFF proposals in Europe.

3.2. Means of implementation

(a) Finance

Inadequate availability of financial resources is widely acknowledged to be a major constraint to the implementation of the IPF/IFF proposals directed towards combating deforestation. However, there is a lack of detailed information on current financial flows affecting forests. In particular it is difficult to differentiate between financial flows that effectively combat deforestation and those that may promote it (e.g. perverse incentives).

Forestry funding comes from three main sources: domestic official allocations; external Official Development Assistance (ODA); and the commercial private sector (both domestic and foreign). Non-profit funding sources such as trust funds are also emerging, principally to support the environmental and conservation activities of NGOs or community groups. In all developing regions, high priority is given to investment in forest resources development, including establishment of plantations. In general, the developing countries also give prominence to forest industries, utilization or other value-

adding activities, while their ODA external partners have recently tended to show increasing favour towards natural resource conservation.

Provision of forestry ODA from a variety of donor countries, plus multilateral organizations such as OECD, FAO, UNDP, ITTO, WFP, EC, the World Bank and the regional banks, totalled an estimated US\$ 1.0 – 1.5 billion in 1995-97, representing a decline from a peak of over US\$ 2 billion in the early 1990's⁷. As stated above, there are no data available to assess to what extent this funding was successfully directed towards combating deforestation. The declining trend in ODA (Table 4) is recognised by a number of recipient countries as a significant factor in constraining implementation of the proposals for action.

In the context of this paper, the key issue is whether sufficient financial support is available to implement the IPF/IFF proposals relating to combating deforestation and forest degradation. Data of sufficient precision are not available to address this question, except in very general terms. Information on financial flows from sources other than ODA is particularly lacking. With respect to ODA, analysis of the information available suggests that institutional development tends to attract a greater proportion of the external aid required than sustainable development of forest resources, with assessment and monitoring receiving the lowest proportion of resources required. There are also significant differences between regions in the amount of ODA received.

Table 4: Estimated forestry ODA flows (Commitments, 1996 US\$ million) source: ODI/UNDP⁷

		1988	1989	1990	1991	1992	1993	1994	1995	1996*	1997*
Bilateral	non-EU bilaterals	470	330	432	522	401	357	283	458	511	301
	European Union ¹	504	548	605	630	624	500	515	531	469	456
	Total	974	878	1,037	1,152	1,025	858	798	989	980	757
Multi-lateral	Multilateral Development Banks	470	384	902	487	958	300	820	177	148	271
	UN agencies	249	247	241	240	230	212	253	235	220	217
	Total	719	632	1,143	727	1,187	512	1,072	412	368	489
All-Donors	estimate	1,692	1,510	2,180	1,879	2,212	1,369	1,870	1,401	1,349	1,246
	upper limit	1,862	1,764	2,398	2,147	2,488	1,506	2,116	1,587	1,554	1,458
	lower limit	1,523	1,256	1,962	1,610	1,937	1,232	1,624	1,215	1,143	1,033
	excluding world bank	1,495	1,337	1,410	1,591	1,527	1,226	1,205	1,326	1,309	1,065
FAO Questionnaire data		1,427		1,678		1,658					

¹including the Commission of the European Communities *1996-1997 estimates are less reliable

Overall, analyses suggest that the ODA currently being provided represents less than 20% of the annual funding needs estimated by UNCED to support implementation of Chapter 11 of Agenda 21⁷.

The roles of the public and private sectors in forestry financing are changing, with the latter showing an increase of 60% since 1991. There is a clear need for detailed data that provide information on financial flows that effectively combat deforestation, versus public and private financial flows that are directed towards the forestry sector in general. On basis of such data, there should be a radical re-thinking of the strategies designed for the implementation of sustainable forest management, including the promotion of strong partnerships between government institutions, private establishments, bilateral and multilateral assistance agencies, research institutions, local communities and NGOs, supported by appropriate policies, strategies and regulatory mechanisms. Such partnerships need to be accompanied by increased coordination between organizations providing finance. The need for such approaches is recognised by the revised forest strategy developed by the World Bank Group in 2001.

(b) Transfer of environmentally sound technologies

There is an unprecedented accumulation of technological capability in the world today, including many developments with direct applicability to the forest sector. Many technological developments remain unrecognized, under-utilized or inadequately shared. Ways in which some countries have applied specific technologies to combating deforestation, include:

- increased application of remote sensing and GIS technologies for assessment of the condition and extent of forest cover
- development of information systems for the assessment of forest areas, including development of tools to provide an early warning service for specific threats, such as fire
- development of wood recovery and recycling technologies to reduce pressure on natural forests
- development of improved harvesting and other silvicultural operations to reduce negative environmental impacts, such as reduced impact logging methodologies

A number of countries report the development of forest resource information systems, which will give stakeholders access to a network of information and tools for SFM. However, there is clearly an ongoing need to make the benefits of such technology available to a wider range of users, and to continue the process of technology transfer from developed to developing countries. There is also a need for increased exchange of experience and technologies among developing countries, and for greater use of indigenous technologies and traditional forest-related knowledge, where appropriate.

(c) Capacity building

The UNFF has recognized the need for capacity building to help implement the IPF/IFF Proposals for Action. Inadequate human capacity includes the general shortage of trained staff, and a lack of management, planning and implementation skills constitute major weaknesses. Specific needs identified by countries include:

- capacity building programs for local communities as a mechanism to increase the marketing of certified forest products;
- approaches for monitoring and combating illegal trade in forest products;
- information on forest legislation and rights, successful technologies, international and national marketing, best practices in nfps, cross-sectoral and sectoral issues;
- strengthening of institutions involved in policy development and implementation;
- assistance in application of criteria and indicators at the national and forest management unit level.

International organizations, including CPF members such as UNDP, FAO and ITTO, continue to play a major role in building capacity in such areas, supported by national governments. However in the context of this report, there is a clear need to strengthen the capacity of countries to analyse the underlying causes of deforestation, and to develop national policies in response to the results of such analyses, for deforestation to be successfully combated. There is also a clear need to disseminate and publicise more widely successful initiatives in this area.

4. Conclusions

Significant progress has been made in implementing the IPF/IFF proposals for action relating to combating deforestation and forest degradation. Some countries have undertaken analyses of the underlying causes of deforestation, supported by international initiatives and cooperation, and by technical assistance from research organizations and the NGO community. Further efforts are required to define underlying causes in more detail, and in particular, there is a need to build capacity within countries to undertake such analyses at the national level.

There has also been substantial progress in the development of national policies relating to forests, often including participation by an increased range of stakeholders. Many countries have formulated

new national forest programmes. Many have also developed new strategies or master plans for forestry, frequently based on the results of remote sensing, GIS technology and new forest inventories. A number of countries have also devolved substantial responsibility for implementation to regional or local authorities. It is less clear how often such policy developments have been undertaken as a direct response to the IPF/IFF proposals. However, a few countries have reported in detail on progress towards implementation of the proposals, for example in reports to the CSD, and from such assessments it is clear that some countries are confident that substantial progress has been made in implementation.

Despite such positive trends, total forest area continues to decline in most regions of the world. Although substantial areas of plantation forests have been established, often following high levels of investment from the private sector, there is little evidence that deforestation and degradation of natural forests has declined as a result, as explicitly referred to in the IPF/IFF Proposals for Action. In fact, evidence suggests that establishment of plantations is a major factor leading to loss of natural forests.

Continuing declines in natural forest area suggest either that the IPF/IFF proposals are not being implemented effectively, or that their successful implementation is not having the desired effect. The assessment of implementation of the Proposals for Action is greatly hindered by the lack of any formal process for monitoring and assessment. The development of such a process should therefore be a high priority for forthcoming years. In contrast, substantial progress has been made in the development of criteria and indicators for sustainable forest management, following the initiation of a number of global and regional processes during the past two decades. The debate generated by these processes has undoubtedly focused attention on forest issues, and has been accompanied by a general increase in public awareness of deforestation and its impacts. However, the practical implementation of criteria and indicators is still at a relatively early stage, and provides little evidence of any improvement in the status of forest resources.

It is clear that there is variation between countries in progress towards implementation of the IPF/IFF proposals for action. There is therefore a need to build political will, not only to implement the proposals for action, but to examine critically the status and trends in forest resources, and the underlying causes of changes in forest extent and condition. In this context the lack of suitable approaches to assess the extent of forest degradation, as oppose to loss of forest cover, is a key problem.

Although progress has been made in the analysis of underlying causes of deforestation, the findings of such analyses do not appear to have contributed significantly to the policy developments that have taken place. Therefore, if deforestation is to be combated successfully, there is an urgent need to incorporate the findings of research into national policies. In addition, many countries have been unable to implement the strategies that they have developed. The strongest reasons for this, advanced in almost all country reports, are shortages of qualified and trained personnel, and of finance. Many developing countries need increased financial support, institutional strengthening and capacity building. As ODA support for the forest sector is declining, new approaches will need to be developed to generate increased financial resources at the national level. There is also a need to use available financial resources more efficiently. Increased coordination between donors at the national level could make a significant contribution to achieving this objective.

In addition to the needs of countries to support implementation, this report identified three key emerging issues, namely forest law enforcement, forest fires and perverse subsidies. It is proposed that future action of the UNFF focus on developing specific actions to address these causes of deforestation and forest degradation.

5. Proposed action by UNFF second session

UNFF2 may wish to undertake the following specific actions:

- Invite the donor community, CPF members and international organizations to develop a capacity building programme for countries enabling the assessment of underlying causes of deforestation and forest degradation, and the incorporation of research results into national policy initiatives.
- Suggest that UNEP, FAO and CIFOR, in co-operation with the secretariat of the CBD, support the development of tools for the assessment of forest degradation, and develop a capacity building programme to promote use of these tools at the national level
- Invite the ad-hoc expert group on finance, to be established at UNFF2, to conduct a rigorous investigation of government subsidies that promote forest destruction and degradation, and to define a plan of action for UNFF to address this theme.
- Invite CPF to develop an Action Programme to support implementation of the suggestions for further action made by the Forest Law Enforcement and Governance (FLEG) Ministerial Conference
- Invite CPF to provide improved coordination of international action forest fires, including a mechanism to develop the capacity of countries to predict and manage the impacts of forest fires, for example through the working group on Wildland Fire recently established by the Inter-Agency Task Force for Disaster Reduction
- Promote a mechanism for south-south knowledge exchange on national funds and other innovative mechanisms for financing action to combat deforestation and forest degradation.

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